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SIPDIS

SENSITIVE
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DEPT PLEASE DISSEMINATE TO EST COLLECTIVE
DEPT FOR AF/E - RMEYERS AND OES - ESHAW
FOR AFR/EA/SD - BHIRSCH, TRESCH
FOR EGAT - ASSISTANT ADMINISTRATOR
FOR EGAT/NRM - DHESS, DROBINSON, CKOSNIK
ADDIS ABABA FOR REO LISA BRODEY

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SUBJECT: MADAGASCAR ENVIRONMENT PROGRAM AT RISK

Ref: A) ANTANANARIVO 0450

B) ANTANANARIVO 0506

11. (SBU) SUMMARY: USAID continues to play a vital leadership role among environment donors in Madagascar seeking to advocate and implement sound conservation and natural resource management policies. Review of the third phase of the environment program has been protracted and did not result in clear decisions about key strategic and operational issues by the Environment Ministry. While protected areas have been expanded, success to date is fragile - notably with pressure from China to obtain protected hardwoods to use in construction for the 2008 Olympics. END SUMMARY.

Environment Donors Concerned

12. (SBU) USAID, who serves as the President of the Environment Donors, convened financial and technical partners on July 5 from GTZ (the German cooperation enterprise), the French Embassy, World Bank, UN Development Program, Conservation International, World Wide Fund for Nature (WWF), Adventist Development and Relief Agency (ADRA), and USG funded contractor International Resources Group. Under USAID leadership, the donors discussed a strategy for engaging Environment Minister Bernard Koto and his senior team to address some key decisions required to move forward the environment program. In particular, the mid-term review of the "Environment Program 3" has undergone a cumbersome and drawn-out review process lasting four months that did not lead to decisions about key strategic and operational issues clearly defined by the donors at the outset of the review. President Marc Ravalomanana's commitment to conservation remains strong, members noted, but there is a disconnect between political will and the Ministry's current ineffectiveness.

13. (SBU) Under Minister Koto, who was named after the January inauguration of President Ravalomanana, there are over 20 senior positions that remain vacant or are occupied by "acting" personnel who are unmotivated. USAID and other donors working in several environment areas emphasized a general lack of leadership and capacity within the Ministry at the central and regional levels. As with all GOM initiatives, lack of capacity is a crucial challenge, obliging donor organizations to invest a lot of time with their interlocutors.

14. (SBU) A former USAID Environment Program Malagasy employee who took a job at the Presidency has told us discreetly that his job to "coach" the Ministry has been difficult due to the lack of

willingness to function as a team and lack of authority to move forward on hard decisions. Like other Madagascar Action Plan (MAP) Advisors at the Presidency, he endeavors to conduct teambuilding exercises, assign tasks, create work plans, and assure follow-up. Only a few months into the job, our former colleague is growing frustrated with the lack of planning and a clear operational action plan and decision making authority to implement the Environment commitment of the MAP.

Positive Track Record, But Limited Momentum

¶5. (SBU) As reported in Post's Mission Strategic Plan (MSP), Madagascar has made significant progress in some aspects of environment policy and field-level implementation, notably in the expansion of protected areas from 1.7 million to 3.7 million over the last two years. Under USAID leadership and with active work of other donors, Madagascar has also slowed rates of deforestation and improved zoning laws and land use plans to facilitate the establishment of conservation areas linked to rural development activities. However, results to improve livelihoods have been limited due to inadequate collaboration between environment and other sector programs.

¶6. (SBU) Donors are concerned about the present lack of a clear action plan to address the key policy and strategic decisions to allow the environment program to continue to attain the results as defined in the MAP. Senior leadership within the Ministry has focused their exclusive attention over the last month on illegal exploitation of rosewood at the expense of other key actions. Donor coordination and harmonization, the role of the Ministry, is left for environment donors - most notably USAID - to conduct on their own.

Dialogue Reopens between Donors and Ministry

¶7. (SBU) Under the leadership of USAID, a series of meetings were held with the Minister and his staff the week of July 9 to voice donor concerns. A joint letter (copy sent to AF/E Desk) was presented to the Minister that expressed the donor's strong recommendation to develop a two-month plan that would advance strategic decisions and resolve current problems. This initiative has served to reopen dialogue between the Ministry and the donors, resulting in some initial steps with a commitment to ongoing discussions.

¶8. (SBU) A new organizational chart for the Ministry was presented to the Council of Ministers on July 10 that reorganized the Ministry based on the four challenges of the Environment Commitment of the MAP. This allowed the Ministry to move forward with the nomination of the seven Directors at the central level and the 22 Regional Directors. While this is the first step to constitute a functioning Ministry, the donors continue to be concerned by the selection of some Directors who do not appear to have the leadership or management capacity required.

Key Challenges Emerging

¶9. (SBU) Against this backdrop, the GOM faces key challenges in the environment sector. The Environment Ministry must compete with many other MAP "commitments" to obtain adequate funding for its agenda - and will continue to rely on donors. The World Bank noted coordination is urgently needed between GOM officials adjudicating small mining concessions and the Environment Ministry's current and planned protected areas. The Bank added that trafficking in endangered hardwoods has increased dramatically in the last six months - reportedly to supply construction in Beijing for China's 2008 Olympic Games. Overall, Madagascar's environmental successes are fragile, and Minister Koto must do more to "sell" his Ministry's agenda at the Council of Ministers.

COMMENT

¶10. (SBU) While not yet in crisis, Madagascar's ambitious but slowed down environment program is a symptom of inefficient governance

structures and an acute lack of talented and dedicated civil servants. Without the long-term commitment of USAID, German, French, World Bank, UNDP environment programs, and international conservation organizations, Madagascar's unique and fragile ecosystems would not be adequately protected for conservation or the many economic services these areas provide to communities. END COMMENT.

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